

Memorandum

To: Panel Members Date: February 27, 2003

From: Creighton Chan, Manager Analyst: A. Nastari
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **United HealthCare Services, Inc.**
www.uhc.com

CONTRACTOR:

- Training Project Profile: Retraining: Companies with Out-of-State Competition
- Legislative Priorities: Moving to a High Performance Workplace
Location Into or Expansion Within California
- Type of Industry: Services Health Care
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 31,000
 - In California: 1,769
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$129,350
- Substantial Contribution: \$0
- Total ETP Funding: \$129,350
- In-Kind Contribution: \$246,625
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Diego and San Francisco
- Duration of Agreement: 24 Months

SUBCONTRACTORS:

Hickey & Associates, LaQuinta, California, \$19,258 for project administration.

THIRD PARTY SERVICES:

Hickey & Associates, LaQuinta, California, assisted with the development of this project at no additional cost to the Contractor.

NARRATIVE:

This project is as a result of direct marketing efforts by the Technology, Trade and Commerce Agency.

United Behavioral Health (UBH), a subsidiary of United Healthcare Services, Inc. is a provider of behavioral health, employee assistance and wellness services to help people live and work well. UBH is the first company to own and operate the full spectrum of work/life, employee assistance, behavioral health and disability support programs. This proposal will focus on the retraining needs of UBH's staff in the Regional Clinical departments for Care Management, Employee Assistance Programs (EAP) and Intake services located at the San Francisco and San Diego facilities.

UBH's San Francisco facility qualifies as being corporate headquarters and provider of support services to all of UBH's facilities located throughout the United States. Employees at this facility have been determined ETP-eligible for standard retraining under Title 22, California Code of Regulations, Section 4416(d)(1) for services provided internally to UBH's facilities located outside of California. Additionally, the San Diego Claims Center has been determined ETP eligible under Title 22, California Code of Regulations, Section 4416(a)(3,4) for a company providing a service out-of-state and in California in competition with providers of the same service located outside of California.

UBH believes in delivering a personal approach to help its diverse customer base with issues such as mental health problems, childcare, referral to legal and/or financial services, and chemical dependency. UBH provides its customers access to a comprehensive panel of providers and facilities, offering a full range of services and programs within the individual's community. UBH's employee base of 31,000 worldwide, 1,769 of whom work in California, serve more than 20 million adults and children from public and private sector employers, unions, school districts, child welfare, and disability carriers each with specialized needs and priorities. UBH employees also interact with internal and external physicians and clinicians in addressing members' medical issues.

In an effort to remain competitive in an industry that faces rising costs of providing health care services and to provide a more seamless and efficient customer service, UBH has identified the need to move to a high performance workplace by integrating its services. The integration of work/life, employee assistance, behavioral health and disability services into one service, called LifeSolutions, will provide a single point of contact for the customer. Currently, customers have to be transferred to various departments to receive information. Training in the integration of UBH's services will enable employees to assist customers in locating high-quality assisted living residences for an aging parent, provide references to assist with financial planning, or locate a licensed day care facility with a specific mix of services and availability for a child. UBH states its employees will serve as the coach, advocate, and assistant for everything from child care resources to treatment for depression.

NARRATIVE: (continued)

This move will further require employees to maximize their productivity while streamlining their processes. Employees will form teams to identify problems within the new processes, offer solutions, and work as one to implement measurable changes that will provide long-term solutions for UBH and its members.

In order for this transition to be successful, UBH is requesting ETP funds to assist with its plan to provide training in Business, Commercial, Computer, and Continuous Improvement Skills. UBH's plans to train its frontline workers who are Care Managers, Clinical Program Managers, Intake and Life Resource Counselors, Just Right Service (JRS) Guides, and JRS Scouts at the San Francisco and San Diego facilities. (Just Right Service is the name of the new continuous improvement process.)

Business Skills The implementation of a one point of contact requires UBH employees to interact with a variety of customers who have specific needs. Due to the sensitive nature of the degree of service that must be delivered, employees must learn new business skills in dealing with diverse populations and subject matters.

Commercial Skills UBH's new level of customer service requires its employees to be cross-trained to respond to a variety of customers' specific needs. Employees have been previously working with knowledge and expertise in only one or a few aspects of UBH's services. Under the new LifeSolutions service an employee who was providing only Employee Assistance Program services, must now have the skills to assess and provide behavioral health, life event (referrals to financial counseling, child care and/or eldercare) and disability services as well. They will now be required to address any issue as needed by the customer.

Computer Skills The integration of services further requires UBH to invest in the development and implementation of a new computer operating system called Linx. Linx allows employees to access and deliver all of the services under LifeSolutions through the use of one application system at a faster and easier rate.

Additionally, with the implementation of Linx UBH is integrating existing business accounts, product plans, networks, and service operations, creating a simple approach for its customers. The Linx system will enable UBH to standardize and simplify its product plans, networks, and service operations. This move will provide continual improvement in core business processes. It is UBH's goal that one straightforward, simple approach to managing products, membership and client services will effectively support the health and success of its customers.

Continuous Improvement Skills UBH has further identified the need to improve productivity while increasing efficiency and quality in the delivery of its services. To meet this need, UBH must involve its employees in identifying, analyzing, and solving process problems. Therefore, UBH will implement JRS which is a disciplined, problem-solving toolset, and leadership development program. This program will allow the company to implement a system from which UBH can measure consistent performance. The program will provide long-term solutions based on measurable and quantified data, which is needed to help UBH transition to a high performance workplace.

All training will be conducted by in-house trainers.

NARRATIVE: (continued)

Supplemental Nature of Training

UBH has certified that this proposed training supplements training that the company has provided in the past. Training at the San Francisco and San Diego facilities has consisted of New Hire Orientation, Basic Computer, Mandated Confidentiality and Industry Regulations training and testing, Basic Operations, and necessary industry related training.

The new skills and cross training in this proposal are necessary for the company's transition to a high performance workplace to streamline its customer service processes. The training provided by UBH in Mandated Confidentiality and Industry Regulations is necessary industry training for employees. All of the cross training outlined in this proposal builds upon the industry training provided by UBH. Additionally, in order for the company's new computer operating system to be successful, UBH will provide overview training in the new Linx system to approximately 863 of its California employees at its own cost.

In-Kind Contribution

UBH estimates its in-kind contribution at approximately \$246,625 for the delivery of the ETP-funded training. UBH will provide \$212,935 in wages paid to employees while attending the ETP-funded training. The remaining amount of \$33,690 will be paid in wages to UBH's in-house trainers for the delivery of the proposed training.

COMMENTS:

Title 22, California Code of Regulations, Section 4417, Secure Job, states in part that the Panel shall fund training for employment that is stable and that an employer's turnover rate shall not exceed 20 percent annually. The Panel may accept a higher turnover rate if the employer provides industry data that supports a higher turnover rate. Annual inbound call center turnover amounted to 87 percent according to research data published in 2001, provided by the Contractor.

UBH's turnover rate for the San Diego facility for the 2002 calendar year was 31.3 percent. UBH is requesting a waiver in accordance with the above regulations. UBH cites the following factors for this turnover rate:

- 1) In mid-2000 UBH established a new division in San Diego to manage a new account for Blue Shield's 2.1 million members. By mid 2001, UBH saw a rapid growth at its San Diego facility, from 110 employees to 400. The mental health professional staff provides support to clients with issues such as substance abuse, mental health behaviors such as suicide and psychosis. UBH employees received minimal on-the-job training in this area of work, resulting in a high turnover due to stressful working conditions.
- 2) This facility began its operations with an inexperienced management team that was not fully equipped to provide leadership and direction.

COMMENTS: (continued)

To mitigate the company's future turnover rate, UBH has taken action on implementing initiatives to address its turnover issue. The following is a summary of UBH's actions:

- 1) UBH conducted a market study of wages for the hourly positions to ensure a competitive pay structure was in place. In December 2002, as a result of the analysis, UBH provided an average \$1,500 salary increase to 79.80 percent of the eligible employees. The salary adjustments ensure equitable pay and marketplace competitiveness. They were provided outside of the annual salary and performance review process. UBH believes this salary adjustment will assist in the retention of employees.
- 2) In the latter part of 2002, the San Diego facility transitioned in a new management team, which UBH believes will provide long-term leadership support and direction. Management will be required to measure and report turnover issues and work as a team to identify additional retention initiatives. UBH will conduct voluntary exit interviews to enable the company to understand and identify appropriate actionable retention-reduction opportunities.
- 3) UBH has further identified the need to provide continuing education and career development opportunities. Therefore, the company has invested in a full-time Learning Coordinator who will be responsible for assessing individual and group learning needs. The Learning Coordinator will develop, deliver, and or coordinate training and education programs needed to achieve career and skill enhancement opportunities.
- 4) UBH will continue to offer competitive benefits plans and will continue to research market data to ensure competitiveness is maintained.

It is UBH's goal that its commitment to training and to individual development, combined with the use of ETP-funded dollars, will result in additional high level courses and, in turn, a more skilled and capable workforce. By providing employees with additional training and skills to perform their job responsibilities, which advances career desires, UBH believes retention will increase.

It is UBH's goal for the San Diego facility, with ETP's assistance, to achieve a 26 percent or less turnover in the 2004 calendar year.

The firm has agreed to either reduce its turnover rate at the San Diego facility to 26 percent or less during the final 12 month of the Agreement, or forfeit collecting 25 percent of the total Agreement amount upon closeout of this project.

No executive level staff that set company policy has been included in this proposal.

All of the 199 participants in this project meet the Panel definition of frontline worker under Title, California Code of Regulations, Section 4400(ee), except for 15 JRS Guides and 6 Clinical Program Managers.

PROPOSED ACTION:

Staff recommends that the Panel waive the Turnover Rate requirement and approve this One-Step Agreement if funds are available and the project meets Panel priorities. This recommendation is based on the company's need to provide its employees with skills that will transition the company into a high performance workplace, allowing it to expand and remain viable in California.

TRAINING PLAN:

Group/ Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job Number 1 Retrainees	Menu Curriculum: Business Skills Commercial Skills Computer Skills Continuous Improvement Skills	199	40-69	0	0	\$650	\$15.10 - \$50.48
					<u>Range of Hourly Wages</u> \$15.10 - \$50.48		
					<u>Prevalent Hourly Wage</u> \$22.77		
					<u>Average Cost per Trainee</u> \$650		
<u>Health Benefit used to meet ETP minimum wage:</u> N/A				<u>Turnover Rate</u> 19.9% for the San Francisco facility; 31.3% for the San Diego facility.		<u>% of Mgrs & Supervisors to be trained:</u> 10.6%	

Hours
Class/Lab Hours
40 – 69

Trainees will receive any of the following Types of Training

Business Skills

Managing Cultural Diversity

Continuous Improvement

JRS (Just Right Service) Training

Commercial Skills

Clinical Best Practices Cross-Training

- Psychoactive Substance Use Disorder (PSUD)
- Dual Diagnosis
- Bipolar Disorder
- Adjustment Disorder
- Major Depressive Disorder
- Disorders in Children/Adolescents
- Psychopharmacology
- Psychological Testing

Advanced Clinical Management Training

- Clinical Supervision
- Coaching Ability
- Strategic Oversight of Operations
- Negotiating
- Metrics
- Daily Operating Decisions

Care Management Processes

- Treatment Planning-Goal Focused
- Communication–Collaboration and Negotiation
- Transition from Care Giver to Care Manager
- Incorporation of Family Interventions
- Review of Ethical Concerns
- Dealing with Significant Life Events (i.e. suicide, death in family)

Commercial Skills (continued)

Care Management Processes and the Business of Managed Care

Applying HIPAA (Health Insurance Portability and Accountability Act)

Review of Utilization Review Accreditation Commission (URAC) Procedures

Operations – Appeals, Denial, Documentation

Clinical Screening and Communication

- Risk Screening
- Difficult Calls

Computer Skills

Linux Software/Operating Systems Training